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Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03

OPIC-06 COME-00 CIAE-00 FRB-01 INR-07 NSAE-00 XMB-04

LAB-04 SIL-01 /094 W
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R 211420Z SEP 76
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 1886

UNCLAS LIMA 8570

E.O. 11652: N/A
TAGS: EGEN, BDIS
SUBJECT: POSSIBLE SOLUTION NEAR TO FOREIGN INVESTOR
REMITTANCE PROBLEM

REF: LIMA 7534, LIMA 7199

1. SUMMARY: THE GOP AND FOREIGN BUSINESS COMMUNITY APPEAR ON VERGE OF AGREEMENT WHICH WILL FACILITATE PROFIT AND ROYALTY REMITTANCES OF FOREIGN INVESTORS WHILE ASSISTING PERU'S LIQUIDITY SITUATION. UNDER ARRANGEMENT, BANCO DE LA NACION WILL RECEIVE COMPANIES' PROFITS/ROYALTIES IN SOLES AND OPEN INTEREST-PAYING DOLLAR ACCOUNTS PAYABLE AT SOME FUTURE DATE, PRESUMABLY WHEN PERU'S FOREIGN RESERVE POSITION IMPROVES. END SUMMARY.

2. AS DEPARTMENT IS AWARE, PERU'S LACK OF DOLLARS IN RECENT MONTHS HAS DELAYED REMITTANCES TO PARENT COMPANIES OF PROFITS AND ROYALTIES FROM PERUVIAN SUBSIDIARIES. SITUATION HAS ALSO HELD UP TRANSFER OF PROCEEDS RESULTING FROM SALE OF AT LEAST ONE SUBSIDIARY. IN ADDITION, PAYMENT TO U.S. FIRMS FOR PRODUCTS DELIVERED TO PERUVIAN BUYERS HAS BEEN SLOW IN SOME CASES DUE TO INABILITY OF PERUVIAN BUYER TO OBTAIN NECESSARY FOREIGN EXCHANGE.
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PROBLEM APPEARS TO BE NEARING PARTIAL SOLUTION WITH

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WILLINGNESS OF CENTRAL BANK AND BANCO DE LA NACION TO
ALLOW COMPANIES FACING THIS SITUATION TO HAVE INTEREST-
BEARING DOLLAR ACCOUNTS IN BANCO DE LA NACION SIMILAR
TO TIME DEPOSITS. COMPANIES WOULD BE ALLOWED TO TURN IN
THEIR PERUVIAN SOLES TO THE BANCO DE LA NACION AND RECEIVE
DOLLAR CERTIFICATES INDICATING A SPECIFIC DOLLAR PAYMENT
AT A SPECIFIED FUTURE DATE.

3. ACCORDING TO BANK OF AMERICA REPRESENTATIVE, ALAN
ROGERS, WHO HAS BEEN PRINCIPAL SPOKESMAN FOR U.S. FIRMS WITH THE
GOP BANKS, THE COMPANIES THAT AVAIL THEMSELVES OF THIS
OPPORTUNITY WILL RECEIVE INTEREST AT 1 TO 1.5 POINTS
ABOVE LIBO RATE. THE PERIOD OF DEPOSIT WOULD NORMALLY
BE TWO YEARS. THE PROCEDURE WOULD ONLY BE OPEN TO
COMPANIES WHICH HAVE RECEIVED PERMISSION FROM THE PERUVIAN
CONSEJO NACIONAL DE INVERSIONES TECNOLOGICAS Y EXTRANJERAS
(CONITE) TO MAKE REMITTANCES, BUT ROGERS STATED THAT THE
BANCO DE LA NACION WOULD HELP EXPEDITE THE REMITTANCE
APPLICATIONS THROUGH CONITE. AN OFFICIAL OF THE
BANCO DE LA NACION HAS CONFIRMED THAT THE PROCEDURE
WILL GO INTO OPERATION WITHIN THE NEXT FEW WEEKS.

4. COMMENT: THE PROCEDURE WILL PROVIDE BENEFITS TO
BOTH THE U.S. COMPANIES AND THE PERUVIACUBANKING SYSTEM.
BESIDES ENABLING THE U.S. COMPANIES TO REMIT THEIR
BACKLOGGED SUMS, THE ARRANGEMENT WILL GIVE THE COMPANIES
GREATER SECURITY THAT THEY WILL BE ABLE TO MAKE FUTURE
REMITTANCES. MOREOVER, THE COMPANIES WILL HAVE
GOP'S ASSISTANCE IN GETTING CONITE'S APPROVAL TO DO SO.
ADDITIONALLY, THE DOLLAR-DESIGNATED TIME DEPOSITS WILL
PROVIDE A HEDGE TO INVESTORS AGAINST PROBABLE FUTURE SOL
DEVALUATIONS. THE PERUVIANS BENEFIT SINCE THE PROCEDURE
WILL INCREASE THE LIQUIDITY OF THE SOL-SHORT BANKING
SYSTEM, THUS IMPROVING THE CREDIT AVAILABILITY FOR THE
STRUGGLING PRIVATE SECTOR.
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